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Voluntary Benefits Provider Request for Proposal Evaluation and Selection Process

September 9, 2020

BACKGROUND

The City of Milwaukee currently provides a comprehensive and competitive benefits package to employees with a wide variety of choices. However, the City recognizes the need for greater flexibility and benefit choices as the needs of today's increasingly diverse workforce continue to change. A strong benefits program is an essential tool to help the City attract and retain a talented workforce. While the City does not currently provide voluntary benefits to its employees, adding voluntary benefits provides additional solutions to help meet the needs of employees and their families. Examples of voluntary benefits the City is considering include but are not limited to vision coverage, accident insurance, critical illness with cancer, hospital indemnity, long term care, identity theft protection, student loan programs, in addition to others. All voluntary benefits selected through the request for proposal (RFP) process and offered by the City will be 100% employee paid. Voluntary benefits coverage will be available to eligible City and HACM employees, spouses and unmarried dependent children (as applicable).

The Voluntary Benefits RFP was a collaborative effort facilitated by the City's benefits consultant, Gallagher Benefits Services, with the below considerations as critical importance:

- Review marketplace leaders including vendors who have an existing contract in place with the City of Milwaukee to leverage current agreements and purchasing power and simplify processes for employees, if possible
- Ability to educate employees on the details of each plan offering and the associated benefits to members
- Provide a single point-of contact for City account management and resolving member issues and questions
- Provide customized education, support and communications for each voluntary benefit selected
- Ability to prepare reports on requested metrics that the City may use to gauge the effectiveness of the programs
- Ability to administer benefits without using member SSN
- Capacity to provide reasonable performance guarantees to ensure a smooth implementation and ongoing carrier performance that meets or exceeds the City's expectations



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- Attend onsite fall open enrollment fairs at numerous locations in the City of Milwaukee and have a different enrollment process or virtual options available as necessary depending on the circumstances (i.e. ongoing pandemic)

In review of all the carrier responses, it was determined it was best to review and evaluate the Voluntary Vision bids separate from the other Voluntary Benefits proposals. This is primarily due to the nuances of the programs and the specialty insurance carriers that offer vision exclusive or other voluntary benefits exclusive, as well as the City's bandwidth for implementation January 1, 2021 and beyond.

The City staff members of the Review and Selection Committee included:

- Renee Joos, Department of Employee Relations, Benefits
- Jennifer Zillmer, Department of Employee Relations, Benefits
- Nicholas Sinram, Department of Administration, Budget
- Nicole Fleck, Department of Employee Relations, Labor & Compliance
- Therese Biernat, Department of Employee Relations, Budget
- Nilsa Rosado-Jurkiewicz, Department of Employee Relations, Worker's Compensation

Assisting the City selection Committee were the following Gallagher Benefits Services associates:

- Scott Schultz, Area Vice President
- Grant Downs, Voluntary Benefits Practice Leader
- Keegan Hays, Business Development Specialist
- Dawn Seifert, Client Service Leader



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Review & Selection Team Recommendation for:
Voluntary Vision Insurance

Effective January 1, 2021



VISION BACKGROUND

The City of Milwaukee provides a comprehensive and competitive benefits package centered on meeting the needs of employees and their families. The City's benefits are designed to give employees choices along with tools and resources to help select the right benefits and use those benefits effectively throughout the year. To this end, the City has decided to augment its fringe benefit portfolio with Voluntary Vision Insurance.

According to national statistics, Vision insurance is a popular fringe benefit valued by most employees. Approximately 87% of all employers with over 1,000 employees offer a vision plan to their employees and 61% offer the Vision insurance as voluntary where the employee pays 100% of the premium.

Offering a Voluntary Vision insurance plan aligns with the City's goal to establish a workplace culture that enhances employee lives and offers all the tools necessary to meet employees wherever they are on their road to good health, making sure employees are well at work, well at home and well into retirement. Like a regular fitness program, vision insurance promotes good health. Eye exams are an important part of ongoing preventive care and plans typically cover most, if not all, of the exam cost. Scheduling regular eye exams helps identify vision correction needs, changes inside the eye and early stages of eye diseases such as glaucoma, cataracts, macular degeneration and diabetic retinopathy.

Eye exams have also proven critical to an individual's overall health. During an eye exam, doctors often detect serious medical problems, such as high blood pressure, diabetes, some cancers, autoimmune diseases, thyroid issues and high cholesterol. Catching these conditions at an early stage helps employees identify and obtain needed medical care, improve personal health outcomes and may reduce long term medical treatment costs, which is advantageous to both the individual and the City.

VISION EVALUATION PROCESS

The City and Gallagher Benefits Services collaboratively drafted a best in class Request for Proposal which was sent to the below firms and included all critical selection factors. The following table provides a summary of the eight carriers contacted and their response:

Carrier	Status
Ameritas	Quoted
Delta Vision	Quoted
EyeMed	Quoted
National Vision Administrators	Quoted
MetLife	Quoted
UnitedHealthcare	Quoted
VSP	Quoted
SunLife	Declined

Carriers were provided with a sample de-identified census to allow each carrier to understand the City’s population and also provide an assessment of network access and any network concerns. The RFP clearly outlined for the carriers all of the City’s requirements, contractual terms, timeline and responsibilities.

All carriers provided a quote as well as a comprehensive response to the RFP questions, with the exception of SunLife. SunLife was unable to provide a bid that met the requirements and declined to quote on the RFP.

Gallagher Benefits Services presented the key findings from the proposal submissions to the City’s review and selection committee. Collaboratively, the City and Gallagher commenced in thorough discussion and collectively selected finalists for interviews including EyeMed, National Vision Administrators (NVA), MetLife, UnitedHealthcare and VSP. The review and selection committee along with Gallagher Benefits Services interviewed all finalist candidates and ranked each finalist on the following key areas:

- Quantitative (Cost)
- Requested plan design and features
- Technology, administration and service
- Marketing communications and enrollment
- Interviews

Once the interviews were completed, additional collaboration ensued between the City selection committee and Gallagher to review a number of follow-up factors, including final scores before selecting the new vision vendor partner.

VISION ANALYSIS

Below is an overview of several key areas the review and selection committee considered including the member premium amounts (with Best and Final Offers/BAFO), network coverage and access, rate guarantees and any implementation credits the proposers were offering to offset the City’s administration costs to implement, provide and sustain a completely new benefit program.

Vision Marketing Summary -- BAFO

	PEPM Premium	Fees At Risk	Implementation Credit	Rate Lock
EyeMed	Original: \$7.75 EE/\$14.73 ES/\$15.50 EC/\$22.79 F BAFO: \$7.07 EE/\$13.43 ES/\$14.14 EC/\$20.79 F	5% of Premium	\$6,000	1/1/2025
NVA	Original: \$6.83 EE/\$12.98 ES/\$15.03 EC/\$21.18 F BAFO: \$6.52 EE/\$12.39 ES/\$14.34 EC/\$20.21 F	Up to 10% administrative fees	\$10,000	1/1/2025
MetLife	Original: \$8.56 EE/\$17.16 ES/\$14.52 EC/\$23.95 F BAFO: \$7.45 EE/\$15.51 ES/\$13.13 EC/\$21.65 F	A) 1% annual premium (willing to customize further)	Option of: A) \$20,000 one-time credit B) \$1.00 Per Eligible plus 3% of on-going premium	1/1/2024 (Then 4% renewal rate cap to 1/1/2026)
UHC	Original: \$9.88 EE/\$18.75 ES/\$21.99 EC/\$30.95 F BAFO: \$8.96 EE/\$17.00 ES/\$19.94 EC/\$28.06 F	1.6% annual premiums	\$10,000 Additional \$0.50 PEPM credit on Medical plan	1/1/2025
VSP	Original: \$6.98 EE/\$12.70 ES/\$13.34 EC/\$20.58 F BAFO: \$6.20 EE/\$11.28 ES/\$11.84 EC/\$18.26 F	1% of Quarterly Administrative Revenue per Standard (Up to a Total Annual Maximum of \$100,000 per Performance Standard)	\$8,000	1/1/2025

Vision Network

RETAIL PROVIDERS	EyeMed	NVA	MetLife	UHC	VSP
America's Best	X	X	X	X	
Costco			X	X	X
Lens Crafters	X	X			
Nationwide Vision	X	X	X	X	X
Pearle Vision	X	X	X	X	X
Sam's Club		X	X	X	X
Shopko	X	X	*	X	
Target	X	X		X	
Visionworks		X	X	X	X
Walmart		X	X	X	X

* MetLife has confirmed Shopko should be added as an in-network provider effective 1/1/21.

GEO ACCESS RESULTS					
	EyeMed	NVA	MetLife	UHC	VSP
In Network	99.8%	100%	99.9%	99.9%	99.9%
Out-of-Network	0.2%	0%	0.1%	0.1%	0.1%

VISION RECOMMENDATION

After a comprehensive and thorough consideration of all key factors, the City's review and selection committee in partnership with Gallagher Benefits Services collectively recommends the City enter into a contract with MetLife to provide voluntary vision insurance to eligible employees effective January 1, 2021.

The primary reasons supporting the MetLife recommendation are:

- Competitive premium rate bid guaranteed for three-years
- Renewal rate cap of 4% effective January 1, 2024 for an additional two-years
- Strong retail access for all members and an expansive provider network with 99.9% access for all members
- Commitment to service as evidenced by performance guarantees of 1% of annual premium at risk in the event of poor performance
- Option of a \$20,000 one-time implementation credit or a credit of \$1.00 per eligible employee plus 3% of ongoing premium
- Ease of administration for the City in using one file feed requirement with MetLife for vision and other voluntary benefits
- Simplified experience for employees as MetLife is an existing carrier and familiar entity to City employees



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Review & Selection Team Recommendation for:
*Voluntary Benefits including but not limited to
Accident, Critical Illness, and
Hospital Indemnity Insurance*

**Effective January 1, 2021
(with staggered rollout of benefits as determined by the City
of Milwaukee)**

VOLUNTARY BENEFITS BACKGROUND

In addition to the RFP and analysis for a new Voluntary Vision program, the City of Milwaukee solicited bids for a number of voluntary or supplemental worksite benefits, which could be strategically added to the City's overall standard benefits portfolio in the coming years. The RFP asked multiple carriers for proposals for Accident, Critical Illness, Hospital Indemnity, Permanent Life with Long Term Care, Legal Assistance, Identity Theft, and Student Loan Programs. A table of the solicited carriers and their response can be found below.

Voluntary benefits allow the City of Milwaukee to provide employees with extra insurance choices without additional premium costs to the City, because the benefits are 100% paid for by the employee. The addition of voluntary benefits and a diverse benefit offering also increases employee engagement and education, which studies show lead to happier and more committed employees at the workplace.

Supplementing the City's current benefits package with voluntary benefits is a strategic move on multiple fronts. Offering Voluntary worksite benefits aligns with the City's goal to establish a strong and healthy workplace culture. Eastbridge Consulting Group's annual survey shows that a majority of large employers comparable in size to the City also use Voluntary Worksite benefits to help attract and retain employees. Providing additional choices through voluntary benefits also helps ensure the City's benefit package is competitive in the labor market.

VOLUNTARY BENEFITS EVALUATION PROCESS

The City and Gallagher Benefits Services collaboratively drafted a best in class Request for Proposal which was sent to the below firms and included a number of critical selection factors. The following table provides a summary of the twelve carriers contacted and their response:

Carrier	Status	Benefits Quoted
Aflac	Quoted	Accident, Critical Illness, Hospital Indemnity, Permanent Life
Allstate	Quoted	Accident, Critical Illness, Hospital Indemnity, Permanent Life, Identity Theft
Lincoln	Declined	N/A
MetLife	Quoted	Accident, Critical Illness, Hospital Indemnity, Permanent Life (2021/22) Legal, Pet, Auto/Home
Standard	Quoted	Accident, Critical Illness, Hospital Indemnity
SunLife	Quoted	Accident, Critical Illness, Hospital Indemnity
TransAmerica	Quoted	Accident, Critical Illness, Hospital Indemnity, Permanent Life
UNUM	Quoted	Accident, Critical Illness, Hospital Indemnity, Permanent Life
Voya	Quoted	Accident, Critical Illness, Hospital Indemnity, Permanent Life, Student Loan
ARAG	Quoted	Legal
LegalShield / IDShield	Quoted	Legal, Identity Theft
Identity Guard	Quoted	Identity Theft

With the exception of Lincoln Financial, who declined to quote, all carriers provided quotes for at least one of the solicited benefits and many carriers provided quotes for multiple lines of coverage.

Although a number of components were assessed during the evaluation process the following key factors were given significant weight during the initial review:

- Premium Cost for the Various Benefits Quoted
- The Carrier’s Total Voluntary Worksite Benefit Portfolio
- Plan Design and Features
- Education, Communication and Enrollment Assistance
- Technology, Ease of Administration and Customer Service

The City and Gallagher performed a thorough review of all quoted benefits and the review and selection committee determined that four carriers, Allstate, MetLife, TransAmerica, and Voya, should move to the finalist portion of the evaluation process with an immediate focus on three Voluntary Worksite insurance benefits; Accident, Critical Illness and Hospital Indemnity.

Once the interviews were completed, additional collaboration ensued between the City and Gallagher to review a number of follow-up factors, including final scores before selecting a new voluntary benefits vendor partner.

Below is a review of the selected finalists' Accident, Critical Illness, and Hospital Indemnity quotes and the associated monthly premiums for those benefits. Due to multiple variations of premiums associated with a Critical Illness plan, the Critical Illness premiums reflect a specific example of coverage - \$20,000 of Employee coverage broken out by Age 35, 45, and 55.

Finalists' Premiums for Accident, Critical Illness, and Hospital Indemnity:

Accident Insurance				
	 Allstate. You're in good hands.	 MetLife	 TRANSAMERICA	 VOYA. FINANCIAL
Rates	Monthly Premium	Monthly Premium	Monthly Premium	Monthly Premium
Employee Only	\$10.46	\$6.10	\$8.73	\$4.99
Employee & Spouse	\$18.09	\$12.20	\$12.13	\$8.54
Employee & Children	\$26.38	\$14.32	\$13.51	\$9.98
Family	\$36.02	\$17.46	\$17.20	\$13.53

Critical Illness Insurance				
	 Allstate. You're in good hands.	 MetLife	 TRANSAMERICA	 VOYA. FINANCIAL
Rates	Monthly Premium \$20,000 Employee Only Spouse & Dependent Rates are Included in the Proposal	Monthly Premium \$20,000 Employee Only Spouse & Dependent Rates are Included in the Proposal	Monthly Premium \$20,000 Employee Only Spouse & Dependent Rates are Included in the Proposal	Monthly Premium \$20,000 Employee Only Spouse & Dependent Rates are Included in the Proposal
	Uni-Tobacco Attained Age 13 Total Age Bands	Uni-Tobacco Attained Age 12 Total Age Bands	Uni-Tobacco Attained Age 10 Total Age Bands	Uni-Tobacco Attained Age 11 Total Age Bands
Age 35	\$12.32	\$14.60	\$8.79	\$8.20
Age 45	\$25.14	\$25.20	\$21.20	\$31.20
Age 55	\$47.49	\$49.00	\$43.21	\$45.80

Hospital Indemnity Insurance				
	 Allstate. You're in good hands.	 MetLife	 TRANSAMERICA	 VOYA. FINANCIAL
Rates	Monthly Premium	Monthly Premium	Monthly Premium	Monthly Premium
	Rates Not Banded	Rates Not Banded	Rates Not Banded	Rates Not Banded
Employee Only	\$11.73	\$11.18	\$20.90	\$10.26
Employee & Spouse	\$28.74	\$26.96	\$44.77	\$24.02
Employee & Children	\$15.30	\$18.92	\$30.85	\$18.86
Family	\$33.89	\$34.70	\$50.74	\$32.62

VOLUNTARY BENEFITS RECOMMENDATION

Based on the strength of the combined benefit and premium offer, the variety of the voluntary benefits offered in their portfolio, the recommendation by the selection committee to be the City's Voluntary Vision carrier, and the good standing and service history with the City of Milwaukee, the selection committee and Gallagher recommend the City enter into a contract with MetLife for the future roll out of Voluntary Worksite benefits.

The primary reasons supporting this recommendation are:

- MetLife's proposal start date is flexible and they are able to accommodate a staggered roll-out of voluntary benefits
- MetLife offered a competitive bid and will maintain a 5 year rate guarantee for the voluntary benefits quoted
- MetLife's approach to service and support for the City in administering new voluntary benefits for employees and their education and understanding of the benefits
- An implementation Credit of \$0.50 per eligible per product, and, a platform fee of 3% ongoing (if Accident, Critical Illness and Hospital Indemnity are purchased together, the Implementation Credit for the suite is \$2 per eligible per product)
- Administration efficiencies for the City in using one vendor and file feed for voluntary vision in conjunction with other voluntary benefits
- Simplified experience for employees using one carrier for both voluntary vision and other voluntary benefits

The City will utilize a staggered approach for offering voluntary worksite benefits and launch one or two voluntary benefits each year to ensure employees understand and enroll in the benefits appropriately. Voluntary Vision Coverage will be the first benefit offered starting January 1, 2021 with additional worksite voluntary benefits offered each subsequent year.

In conclusion, the review and selection committee in partnership with Gallagher recommends the City enter into a Voluntary Worksite Benefits contract with MetLife.